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C O N F I D E N T I A L SECTION 01 OF 02 RABAT 000122

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SUBJECT: MCC CEO APPLGARTH MEETING WITH PRIME MINISTER
JETTOU

REF: 2004 RABAT 2327

Classified By: Deputy Chief of Mission Wayne J. Bush for reasons 1.4 (b)
) and (d)

11. (U) Summary: Prime Minister Driss Jettou laid out for Millennium Challenge Corporation CEO Paul Applegarth his government's top development priorities in a January 12 meeting attended by Ambassador Riley and Salahuddine Tazi, the Foreign Ministry's director of American Affairs. Also present were MCC Vice President John Hewko and other members of Mr. Applegarth's delegation, in addition to DCM and Econoff notetaker. Applegarth congratulated the Government of Morocco on its selection for MCA eligibility, saying Morocco was selected because of its proven track record of policies leading to economic growth and poverty reduction, and its demonstrated commitment to investing in people through education and providing opportunities for all men and women. Jettou expressed his government's appreciation for being selected for Millennium Challenge Account eligibility, and said he looks forward to working with the MCA on developing a compact for Morocco. End Summary.

12. (C) MCC CEO Applegarth met with Jettou to congratulate the Prime Minister on Morocco's selection for MCA eligibility, to learn about the GOM's priorities for development assistance, and to answer any questions or concerns the GOM might have about next steps. Applegarth noted that Morocco was chosen because of its demonstrated commitment to economic freedom and investing in people, and said its success in applying for MCA eligibility was due to the GOM's achievements in the areas of transparency, democratic openness and fiscal reform. Jettou responded by expressing his appreciation for Morocco's selection, and gave a clear exposition of his government's priorities in health, education, poverty reduction, infrastructure, housing, agricultural modernization, and rural development. He also emphasized the importance of Morocco's continued progress on reform. He referred to the ongoing Equity and Reconciliation Commission's public hearings on past human rights abuses (reftel), noting that Morocco is "turning a page on the past in a dignified manner." He also noted the importance of ongoing U.S.-Morocco cooperation in the global war on terror.

13. (SBU) Applegarth explained that the GOM will create proposals based on its own development priorities, and that MCC will evaluate those proposals. Applegarth emphasized that it is up to the GOM to determine its own development goals and the MCC will work with Morocco on an implementation plan that meets those objectives. He said successful proposals will be those that foster lasting economic growth and poverty reduction, and that are conceived through an inclusive consultative process with a wide range of governmental and non-governmental actors. Jettou said the GOM is well aware of the parameters within which MCA operates, and is prepared to work within them "scrupulously."

14. (SBU) Prime Minister Jettou explained that an overriding priority for the GOM is education and training, saying Morocco needs to make up for lost time on girls' education, rural education, and vocational training. He said Morocco had doubled the number of graduates from vocational programs in recent years, and now wants to enhance the role of private education, increasing it from the current 5 percent of students to 20 percent by 2010.

15. (SBU) The PM also discussed the GOM's new plan to provide universal health coverage, and said Morocco will need help to rehabilitate and equip hospitals. He emphasized that Morocco would select its priorities for MCA funding through an exhaustive consultative process, engaging elected representatives, the business community, and Morocco's "dynamic" civil society.

16. (SBU) Jettou said the GOM will also work to publicize the MCA among Moroccans. Ambassador Riley underlined the value of the GOM emphasizing in its public statements that MCA project priorities are those set by Morocco, not those dictated by the United States. The Ambassador further

pointed out that MCA assistance is in addition to, and not a replacement for, existing USAID assistance.

17. (SBU) In response to Jettou's question whether MCC has pre-determined allocations for each country or whether they are done on a first-come first-served basis, Applegarth said the MCC will review all proposals and priority would be given to those that have the greatest impact on poverty reduction and economic growth. He said the MCC will work with countries as their proposals become ready, and will make allocations to good proposals as they come in. Applegarth explained that Morocco's compact will cover three to five years, and that MCA funding is no-year money, which will not be lost if not spent during the year in which it is appropriated.

18. (SBU) Jettou said his government is creating an interdisciplinary team that will be dedicated to working with the MCC. (Comment: This is what the Foreign Ministry did with the FTA, to great effect. While Jettou did not offer any names or organizations that might make up this team, MFA Americas director said separately the Moroccan MCC team is likely to contain many of those who participated in the FTA negotiations. End Comment.)

19. (U) In closing, the Prime Minister was effusive in his praise for USG assistance to Morocco, saying to CEO Applegarth and to Ambassador Riley: "I cannot thank you enough for all that you do for my country."
RILEY